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AMERICAN LEGISLATIVE EXCHANGE COUNCIL **ALEC**

Resolution for State Withdrawal from Regional Climate Initiatives Talking Points

This resolution calls for withdrawal from the damaging Western Climate Initiative (WCI), a regional, state-based cap-and-trade program, preserving economic growth and opportunity and preventing consumers from bearing high energy costs.

The Resolution for State Withdrawal from Regional Climate Initiatives states that:

- **No credible cost-analysis has been done as to the effects of regional climate initiatives.** The Western Climate Initiative report's analysis of their policy leaves out key factors that lead to deep flaws in projected benefits to the economy.
- **Cap and trade policies would place an undue burden on consumers.** The Western Climate Initiative would force business to operate using less carbon emissions through a cap and trade system. This would increase the costs of doing business throughout the region and force companies to charge higher prices for electricity and fuel.
- **Regional climate initiatives would decrease economic opportunity without making a credible reduction in carbon emissions.**
 - Regional cap and trade policies would provide incentives for businesses to re-locate to places with lower production costs (such as India, China, or other states) and would decrease overall employment.
 - Similar cap and trade policies (such as the one implemented in Europe) have failed to achieve their carbon reduction targets.
 - An effort to reduce greenhouse gas emissions by a few states will have no meaningful effect on global greenhouse gas emissions.

This bill is necessary because:

- **The Western Climate Initiative, if implemented, would slow growth and damage the overall economy of its regional members.**
 - The program would cost the seven member states as many as **400,000 jobs** and **\$18 billion in personal income** according to a study by the Beacon Hill Institute.
 - The program would also reduce gross **private investment** by **\$1.5 billion**.

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- **Consumers would face much higher costs if this cap and trade system were implemented.**
 - In Montana, consumers will face a **\$500** increase in annual electricity expenditures and an at least **\$.66 per gallon** increase in the price of gasoline according to a cap-and-trade study by the Heritage Foundation.
- **Governors attempted to circumvent legislative authority in joining this agreement.** The legislature has refused to pass enabling legislation in this state and all others except California and New Mexico, and in fact the agreement's implementation will be delayed. It is important recognize this reality and withdraw.

Additional Information:

- Western Climate Initiative is a regional agreement among western states and Canadian provinces to implement a cap-and-trade program, among other initiatives, in order to lower greenhouse gas emissions to 15 percent below 2005 levels by 2020.
- The member states are Arizona, California, New Mexico, Montana, Oregon, Utah, and Washington. Thus far, only New Mexico and California have passed the enabling legislation, and New Mexico is considering legislation to repeal their involvement this session. Oregon and Washington failed to pass enabling legislation, and Utah and Arizona declared that they will not participate.
- This resolution has been introduced for this session in New Mexico, Montana, Oregon, and Washington. It was passed in Utah last year.
- In addition to the greenhouse gas emissions targets, the WCI includes a low-carbon fuel standard modeled after California's, which would have a significant impact on fuel prices, and a goal of lowering Vehicles Miles Traveled, which is left without details or plans for achievement.